

**staying power.**

TransAlta Power, L.P. indirectly owns a 49.99 per cent interest in three Ontario combined-cycle natural gas cogeneration facilities. TransAlta Energy Corporation owns the remaining 50.01 per cent interest and is responsible for the operation and maintenance of the plants. The Mississauga, Ottawa and Windsor plants have a total generating capacity of 248 megawatts of electric power. Ontario Electricity Financial Corporation purchases electricity from the plants under long-term contracts and steam is supplied to manufacturing plants and other facilities.

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# here to stay

**The more things change, the more some things stay the same. That's the way it is with TransAlta Power. The limited partnership is a solid, long-term investment. We're focused on one thing – maintaining a predictable cash distribution for unitholders. We're constantly on the lookout for new ways to cut costs and improve efficiency. We are leveraging our expertise to provide customers with reliable and low-cost energy, and deliver solid results for unitholders.**

**1999 HIGHLIGHTS****DEPENDABLE AND SECURE**

At the core of the partnership are three high quality power plants that continue to improve upon industry-leading performance and offer the security of long-term sales contracts.

**HIGH AVAILABILITY AND SALES**

The plants had an average availability of 97 per cent and produced 1.8 million megawatt hours of energy in 1999.

**IMPROVING PRODUCTIVITY**

A \$500,000 reduction in annual operating costs was delivered by installing new air cooling systems on the gas turbines at the Ottawa and Mississauga plants.

**TAX-DEFERRED INVESTMENT**

Cash distributions continued to provide a fully tax-deferred return for unitholders in 1999. This is expected to continue until at least 2003.

**SOLID RATING**

The Canadian Bond Rating Service continues to rate TransAlta Power with their highest stability rating of S-1.

**CONTROLLING COSTS**

A unique nine-year service agreement with General Electric (GE), the gas turbine manufacturer, will ensure tight control of future maintenance costs.

**RECORD SETTING PERFORMANCE**

In 1999, employees shattered a previous record for the time required to exchange a gas turbine at the Mississauga plant, saving between 35 and 40 person-hours. Every minute a turbine is down represents lost revenue.

**LETTER TO UNITHOLDERS**

When TransAlta designed the TransAlta Power Limited Partnership two years ago, the goal was to provide investors seeking a long-life fund with a stable, income-oriented investment. That remains our goal.

During 1999, our first full year, we were satisfied with the operating performance but disappointed that the financial results were below expectations. There were a number of successful initiatives to reduce costs and improve productivity but in aggregate, they were not enough to offset increases in the cost of transporting gas to the plants, and as a result annual cash distributions declined to \$0.73 from \$0.75.

Our focus will continue to be on reducing costs and improving reliability and productivity. During 1999, we achieved equipment availability of 97.4 per cent, an industry-leading level of performance. As well, TransAlta has entered a nine-year service agreement with GE, the manufacturer of the LM6000 gas turbines, which will guarantee predictable and lower costs of scheduled maintenance. We also installed new inlet air cooling systems in our Ottawa and Mississauga plants that will increase electricity output and reduce fuel consumption with a resulting decrease in operating costs of approximately \$500,000 annually.

We are continuing to pursue opportunities to provide stable dependable income distribution while creating long-term value. We have concluded that it's in the best interest of the unitholders to maintain the scheduled repayment of long-term debt for the Windsor plant rather than attempting to refinance the debt and reduce the principal repayments. As a result, the cash distribution in 2000 will decline by \$0.03. However, over the life of the plants, interest costs will be lower and therefore cash available for distribution will increase.

We will continue to seek expansion opportunities that will provide increased value to unitholders without assuming the business risks associated with developing greenfield sites. We did not find any opportunities during 1999 which would have improved the returns to unitholders.

We recognize that unitholders are seeking an investment that will provide stable and dependable income distributions. We are committed to the same goal and will do our utmost to achieve performance levels that provide short-term cash distributions while creating long-term value.



*T. Iain Ronald*  
Chair of the Board of Directors



*Ian A. Bourne*  
President & Director

# review of operations

## REVIEW OF OPERATIONS

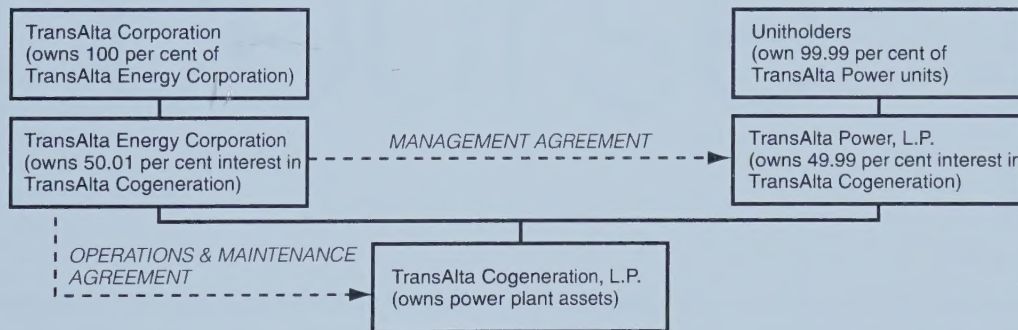
### BACKGROUND

During the late 1980s, a number of provincial governments and publicly-owned utilities established programs to actively seek the purchase of electricity from independent power producers. This was prompted by environmental concerns, rapid growth in anticipated electricity demand, rising electricity rates, new technologies and growing international competition. The electricity being sought was to be supplied under long-term power purchase contracts using rates which mirrored the projected long-term value of the electricity to the power system. At the same time, the steam from the power plants would be sold to industrial or commercial operations to improve the efficiency of fuel used and reduce overall costs.

The amount of electricity generated in Canada by independent power producers has been relatively modest to date. In recent years, electricity planners and customers have noted the benefits of independent power projects, especially when the power is produced at a lower cost than conventional utility-owned generation.

### PARTNERSHIP STRUCTURE

TransAlta Power has a 49.99 per cent interest in TransAlta Cogeneration, which owns three combined-cycle power plants in Ontario. Through its ownership of TransAlta Energy Corporation (TEC), TransAlta Corporation (TAC) and the general partners have an indirect 50.01 per cent partnership interest in TransAlta Cogeneration. Throughout this report, references to TransAlta Power represent this 49.99 per cent ownership interest in the power plant assets.



*The structure of TransAlta Power is designed to align the interests of TransAlta Corporation and TransAlta Power unitholders.*

### WHAT IS COGENERATION?

The term cogeneration refers to the simultaneous production of power and useful heat from one fuel source. In a typical cogeneration plant, a natural gas-fired turbine generates electrical power and the heat produced is recovered and used to produce steam. The steam is used for an industrial process or, in the case of combined-cycle plants, to generate additional electricity through a steam turbine.

REVIEW OF OPERATIONS

POWER PLANT ASSETS

WINDSOR

The Windsor plant is a combined-cycle cogeneration facility designed to produce 70 megawatts of electrical energy. Currently, 50 megawatts are sold under a firm supply contract with Ontario Electricity Financial Corporation (OEFC), formerly Ontario Hydro. At this time, sales to OEFC are the only market for the excess capacity; however, deregulation of the Ontario market is progressing and should provide the opportunity to sell additional capacity into a competitive marketplace. The Windsor plant also provides Chrysler Canada Ltd. with steam at its assembly facility.

Megawatts	70
Electricity sales	OEFC under contract to 2016
Steam sales	Chrysler to 2016
Gas supply	Pioneer Natural until 2014 Renaissance until 2011

OTTAWA

The Ottawa plant is a combined-cycle cogeneration facility designed to produce 68 megawatts of electrical energy. The 68 megawatts are contracted under a firm supply contract to OEFC. The Ottawa plant also provides thermal energy to the member hospitals and treatment centres of the Ottawa Health Sciences Centre Inc., National Defense Medical Centre and Perley Hospital.

Megawatts	68
Electricity sales	OEFC under contract to 2012
Steam sales	Ottawa Health Sciences Centre until 2013 Perley Hospital until 2013 Department of National Defense until 2003
Gas supply	CanWest Gas Supply until 2007

MISSISSAUGA

The Mississauga plant is a combined-cycle cogeneration facility designed to produce 110 megawatts of electrical energy. The 110 megawatts are contracted under a firm supply contract to OEFC. The plant also supplies steam, compressed air, waste water treatment and deionized water for Boeing Canada, formerly McDonnell Douglas. The plant is located adjacent to the Boeing manufacturing facility near Lester B. Pearson International Airport in Mississauga.

Megawatts	110
Electricity sales	OEFC until 2017
Steam sales	Boeing Canada until 2013
Gas supply	Renaissance until 2012

stay the  
course

## MANAGEMENT'S DISCUSSION & ANALYSIS

TransAlta Power, L.P. (TA Power) acquired a 49.99 per cent interest in TransAlta Cogeneration, L.P. (TA Cogen) in April 1998. The cogeneration assets are owned by TA Cogen and operated by TransAlta Energy Corporation (TEC), a wholly-owned subsidiary of TransAlta Corporation. TA Cogen's operating results are discussed to provide context for TA Power's results. All tabular amounts in the following discussion are in millions and megawatt hours (MWhs) are in thousands.

### 1. Results of operations

The results of operations for 1999 are for the 12-month period as compared to the nine-month period in 1998. Revenues are seasonal due to higher demand for production volumes in the winter months.

#### A. TA COGEN

##### REVENUES

	1999	1998
	12 months	9 months
Power	\$124.0	\$ 87.9
Thermal	7.0	3.6
Total	\$131.0	\$ 91.5
Production (MWh)	1,792	1,337
Power revenue/MWh	\$69.20	\$65.74
Thermal revenue/MWh	3.91	2.70
Total revenue/MWh	\$73.10	\$68.44

**RESULTS** All power revenues were from Ontario Electricity Financial Corporation (formerly Ontario Hydro) under the terms of power purchase agreements (PPAs). The PPAs have remaining terms ranging from 12 to 17 years, with options to renew for further one to two-year terms. The five per cent increase in power revenue per MWh to \$69.20 in 1999 was due to escalating electricity rates in the PPA contracts and higher winter rates in the period January to March with no equivalent period in the 1998 comparative revenues.

Thermal revenues are the sale of steam and ancillary products and services to the facilities located with the plants. Thermal revenue per MWh increased due to proportionately greater thermal revenue in the winter period.

**OUTLOOK** Revenues are expected to increase by approximately two per cent in 2000 mainly due to escalating electricity rates which have been contractually negotiated in the PPA contracts. No significant changes to thermal revenue are anticipated.

The power plants have been designed to operate continuously except during planned down time. Each of the power plants is shut down periodically for routine maintenance which is scheduled during off-peak hours to minimize the loss of revenue associated with shutting down a plant. TA Cogen participates in a turbine engine lease pool which minimizes the possibility of an extended shut down by having replacement engines available on relatively short notice. As a result, future power production is expected to be at levels comparable to 1999.

##### COST OF GAS

	1999	1998
	12 months	9 months
Cost of gas	\$ 62.9	\$ 43.0
Cost of gas/MWh	\$35.10	\$32.16

**RESULTS** The cost of gas includes both gas commodity and transportation costs. On a per unit basis, the total cost of gas increased by 9.1 per cent to \$35.10 per MWh in 1999. Gas commodity costs represented slightly more than half of the total increase, with the remainder due to higher gas transportation costs.

Modifications to the gas turbines at Ottawa and Mississauga in 1999 improved the fuel efficiency of the gas turbines and helped offset some of the gas cost increases. The 9.5 per cent increase in gas commodity costs was primarily due to escalation of the floor prices under the Mississauga and Ottawa contracts, and the ceiling price of the Windsor contracts. Long-term contracts are in place for gas supply which collar, or limit, gas prices within an escalating range. If the contract price is above the ceiling or below the floor, the difference between the contract price and the floor or ceiling price is accumulated in a "gas bank" account. The actual price paid by TA Cogen is the contract price increased or reduced by the balance in the gas bank account. The balance in the gas bank accrues to TA Cogen (floor) or to the vendor (ceiling). No interest is applied to the "gas bank" account balances, and any remaining balance at the end of the contract is neither paid nor collected.

Gas transportation costs are dictated by long-term contracts with pipeline utilities which are subject to rates set through a regulatory process. In 1999, regulatory decisions increased gas transportation costs by 8.6 per cent which is significantly higher than increases in previous years.

**OUTLOOK** Gas transportation costs are expected to increase significantly again in 2000 as a result of regulatory filings by the pipeline utilities. Gas commodity costs are expected to increase due to floor price escalation in the Mississauga and Ottawa contracts and by ceiling price escalation in the Windsor contract. The Mississauga and Ottawa plants still have significant floor account balances, which are expected to shelter them from current high gas prices. The floor price escalations in the Mississauga and Ottawa contracts will increase by approximately 5.0 per cent, and the ceiling price escalators in the Windsor contract will increase by approximately 4.7 per cent. In 2000, continued improvements in fuel efficiency are expected due to modifications to the gas turbines.

#### DEPRECIATION

	1999	1998
	12 months	9 months
Depreciation	\$ 31.1	\$ 22.3
Depreciation/MWh	\$17.35	\$16.68

**RESULTS** Depreciation per unit of output increased by four per cent due to capitalized major maintenance costs of \$12.6 million incurred in 1999. The capitalized costs included gas turbine maintenance which is scheduled every six years at the Ottawa and Mississauga plants. In December 1999, TEC entered into a long-term services agreement with General Electric which will provide TA Cogen protection against increases in costs for major scheduled maintenance until 2008.

**OUTLOOK** Depreciation is expected to increase significantly in 2000 due to a full year of depreciation on the 1999 capital additions and from further planned major maintenance on the gas turbine in Windsor and the steam turbine in Mississauga.

#### OPERATIONS AND MAINTENANCE

	1999	1998
	12 months	9 months
Operations and maintenance (O&M)	\$12.2	\$ 9.7
O&M/MWh	\$6.81	\$7.26

## MANAGEMENT'S DISCUSSION & ANALYSIS

**RESULTS** O&M expenditures are different from longer-term major maintenance costs. O&M costs include external services, salaries, wages and benefits, materials and supplies, insurance premiums, property taxes and utility costs. These costs are relatively independent of production volumes and seasonality. If O&M for 1999 is compared to the annualized 1998 amount of \$12.9 million, O&M decreased by \$0.7 million or six per cent. This decrease was the result of management's success in increasing productivity through cost controls.

**OUTLOOK** O&M costs are expected to remain stable in 2000.

### MANAGEMENT AND ADMINISTRATION

	1999	1998
	12 months	9 months
Management and administration	\$ 1.4	\$ 1.1
Management and administration/MWh	\$0.78	\$0.82

**RESULTS** Management and administration costs related mainly to amounts payable to TEC under a management agreement, which increased at the rate of inflation. The expense incurred under this agreement was \$1.3 million in 1999 and \$1.0 million in 1998. Other management and administration fees related to directors and professional fees which totalled \$0.1 million in both 1999 and 1998.

**OUTLOOK** Commencing Jan. 1, 2000, the management agreement with TEC was amended such that TEC will defer its management fee until TA Power's annual distribution is at least \$0.75 per unit. Management fees so deferred could become payable in future years but only if distributable cash per unit is \$0.75 or greater. Management does not expect any management fees to be paid by TA Cogen to TEC in 2000.

### NET INTEREST EXPENSE

	1999	1998
	12 months	9 months
Net interest expense	\$5.2	\$3.7

**RESULTS** Net interest expense increased in 1999 primarily due to a full year's interest expense on long-term debt. Interest expense also increased due to the higher debt levels resulting from large cash requirements to accommodate \$12 million in major maintenance repairs during 1999.

**OUTLOOK** Net interest expense is expected to be unchanged in 2000. Repayments of long-term debt beginning in March 2000 are expected to reduce interest expense, offset by increased interest on borrowings under the TEC facility to finance maintenance expenditures.

### NET EARNINGS

	1999	1998
	12 months	9 months
Net earnings	\$18.2	\$11.7

**OUTLOOK** TA Cogen's net earnings in 2000 are expected to decrease primarily due to increased depreciation and cost of gas expenses.

**B. TA POWER****EQUITY INCOME FROM TA COGEN**

	<b>1999</b>	<b>1998</b>
	<b>12 months</b>	<b>9 months</b>
Equity income	<b>\$9.1</b>	\$5.9

This amount represents TA Power's approximately 50 per cent interest in TA Cogen, the operating limited partnership.

**MANAGEMENT AND ADMINISTRATION**

	<b>1999</b>	<b>1998</b>
	<b>12 months</b>	<b>9 months</b>
Management and administration	<b>\$0.4</b>	\$0.3

**RESULTS** TEC provides management and administrative services to TA Power under the terms of a management agreement. TEC is entitled to a base fee calculated annually with reference to operating cash, a general and administrative fee of \$0.1 million per annum which escalates annually with the consumer price index and an incentive fee which is paid only when cash distributions exceed \$0.825 per unit. In 1999, TEC received \$0.3 million in management fees compared to \$0.2 million in 1998. Other management and administration fees related to directors and professional fees which totalled \$0.1 million in both 1999 and 1998.

**OUTLOOK** Commencing Jan. 1, 2000, the management agreement with TEC was amended such that TEC will not be paid a management fee until TA Power's annual distribution is at least \$0.75 per unit. Management fees so deferred could become payable in future years but only when distributable cash per unit is \$0.75 or greater. Management does not expect any management fees to be paid by TA Power to TEC in 2000.

**NET EARNINGS**

	<b>1999</b>	<b>1998</b>
	<b>12 months</b>	<b>9 months</b>
Net earnings	<b>\$8.7</b>	\$5.6

**OUTLOOK** TA Power's net earnings are expected to decrease in 2000 primarily due to TA Cogen's increased depreciation and cost of gas expenses.

**CASH DISTRIBUTIONS**

	<b>1999</b>	<b>1998</b>
	<b>12 months</b>	<b>9 months</b>
Distributable cash per unit	<b>\$0.73</b>	\$0.52

**RESULTS** In the prospectus dated March 12, 1998, management provided a forecast statement of distributable cash for TA Power for the 12-month period ended March 31, 1999. Actual distributable cash per unit equaled the forecast amount of \$0.75. The decrease in distributable cash per unit to \$0.73 for the 12-month period ended Dec. 31, 1999 was mainly due to the increased cost of gas subsequent to March 31, 1999.

## MANAGEMENT'S DISCUSSION & ANALYSIS

Distributions to unitholders were tax-deferred in 1999 due to the availability of capital cost allowance and other deductions for income tax purposes.

**OUTLOOK** Cash distributions in 2000 will be approximately \$0.03 lower than in 1999 due to higher gas commodity and transportation costs. In addition, TA Cogen will commence repayment of its long-term debt which will reduce TA Power's distributable cash by \$0.9 million or \$0.03 per unit. Principal repayments will reduce future interest charges, thereby increasing future distributable cash.

The effect of these decreases will be partially offset by the deferral of TEC's management fees which is expected to provide TA Power with distributable cash of approximately \$1.0 million or \$0.03 per unit. Overall, TA Power's distributable cash per unit in 2000 is expected to be approximately \$0.70. Distributions are expected to be tax-deferred until at least 2003.

### 2. Liquidity and capital resources

In 1999, \$80.3 million in current restricted investments matured and was used to repay the promissory note to TEC in the equivalent amount.

TEC provides TA Cogen with a \$20-million credit facility to finance fluctuations in working capital, plant maintenance and capital expenditures in excess of the reserves held by TA Cogen. At Dec. 31, 1999, the balance owed under this facility was \$6.0 million. To the extent that funding is required for significant maintenance or expansion projects or asset acquisitions, the expenditures will be funded under the credit facility provided by TEC or through the issue of additional units to the public. In 2000, it is expected that borrowings from TEC will increase by \$0.5 million to finance major maintenance.

### 3. Business risks

#### OPERATIONAL RISK

The operating performance of the power plants is the primary driver of the financial results. The power plants have been designed to operate continuously except during planned and unplanned down time. TransAlta's maintenance program is designed to minimize down time and maximize operating results. This program includes participation in a lease pool for the gas turbines which minimizes the possibility of an extended down time by having replacement engines available on relatively short notice.

#### RESTRUCTURING OF THE ONTARIO ELECTRICITY MARKET

The Ontario electricity market is in the process of deregulating with the competitive market opening anticipated in November 2000. There is still some uncertainty surrounding the effects of deregulation on many aspects of the market including the PPAs with TA Cogen. However, Ontario's Minister of Energy has committed that such PPAs will continue to be backed by the government of Ontario.

#### GAS PRICE RISK

The cost of gas, including gas commodity and transportation costs, continues to put cost pressures on TA Cogen. The gas commodity contracts are expected to shelter TA Cogen from otherwise high gas prices. However, there is a risk that higher costs of gas could occur under prolonged high gas prices. In late 2002, the majority of the transportation arrangements with TransCanada PipeLines Limited expire resulting in an opportunity to restructure the gas transportation arrangements. TransAlta is continuing to explore potential options to minimize the long-term cost of gas.

#### Y2K RISK

The year 2000 date-related issue posed some risk of income loss to TA Power and TA Cogen, disruption in electrical service to customers, exposure in respect of third-party systems and the possibility of third-party litigation. TA Power and TA Cogen's comprehensive approach managed the risk by using the phases of inventory, assessment, conversion or replacement, testing, evaluating third-party dependencies and contingency planning.

TA Cogen entered the year 2000 with continued service to customers. Although there were a few very minor incidents following the new year and leap year transition period, they did not affect service to our customers nor interrupt business continuity. The costs related to year 2000 activities are covered by the general management fees paid to TEC and are not specifically identifiable.

# figures + facts

**MANAGEMENT'S RESPONSIBILITY**

In management's opinion, the accompanying financial statements have been properly prepared within reasonable limits of materiality and within the framework of appropriately selected, generally accepted accounting principles and policies consistently applied and summarized in the financial statements. Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to Jan. 20, 2000. Management is responsible for all information in the annual report. Financial operating data in the report are consistent, where applicable, with the financial statements.

Certain management, administrative and other services, including the preparation of financial statements, are provided by TransAlta Energy Corporation (TEC) through a management services agreement. To meet its responsibility for reliable and accurate financial statements, management relies on TransAlta's systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization. These systems are monitored by management and by TEC's internal auditors. In addition, the internal auditors perform appropriate tests and related audit procedures.

The financial statements have been examined by Ernst & Young LLP, independent chartered accountants. The external auditors' responsibility is to express a professional opinion on the fairness of management's financial statements. The auditors' report outlines the scope of their examination and sets forth their opinion.

The audit committee of the board of directors is comprised of independent directors. The audit committee meets regularly with management and the external auditors to satisfy itself that each is properly discharging its responsibilities, and to review the financial statements. The audit committee reports its findings to the board of directors for consideration when approving the financial statements for issuance to the unitholders. The audit committee also recommends the appointment of the external auditors. The external auditors have full and free access to the audit committee.



*Dawn L. Farrell*  
*President & Director*

*Jan. 20, 2000*



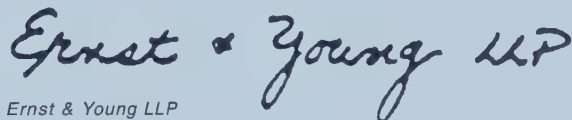
*Matthew J. Moorman*  
*Vice-President, Finance & Director*

**AUDITORS' REPORT**

TO THE UNITHOLDERS OF TRANSALTA COGENERATION, L.P. We have audited the balance sheets of TransAlta Cogeneration, L.P. (TA Cogen) as at Dec. 31, 1999 and 1998 and the statements of earnings, distributable cash, partners' equity and cash flows for the year ended Dec. 31, 1999 and the period from March 13, 1998 to Dec. 31, 1998. These financial statements are the responsibility of TA Cogen's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of TA Cogen as at Dec. 31, 1999 and 1998 and the results of its operations and its cash flows for the year ended Dec. 31, 1999 and the period from March 13, 1998 to Dec. 31, 1998 in accordance with accounting principles generally accepted in Canada.



Ernst & Young LLP  
Chartered Accountants  
Calgary, Canada

Jan. 20, 2000

## FINANCIAL STATEMENTS

## BALANCE SHEETS


(in thousands)	Dec. 31, 1999	Dec. 31, 1998
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 4,042	\$ 2,539
Accounts receivable	17,223	18,435
Restricted investments (Note 4)	80,300	80,300
Prepaid expenses	1,063	1,113
	102,628	102,387
<b>Restricted deposit</b> (Note 7)	3,446	3,360
<b>Restricted investments</b> (Note 4)	—	80,300
<b>Power plants</b> (Notes 5 & 7)	587,894	606,356
	\$693,968	\$792,403
<b>Liabilities and partners' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	\$ 11,132	\$ 5,765
Distributions payable	13,329	14,300
Due to TransAlta Energy Corporation (Notes 8 & 11)	7,100	3,363
Promissory note due to TransAlta Energy Corporation (Note 6)	80,300	80,300
Current portion of long-term debt (Note 7)	1,841	—
	113,702	103,728
<b>Long-term debt</b> (Note 7)	68,159	70,000
<b>Promissory note due to TransAlta Energy Corporation</b> (Note 6)	—	80,300
<b>Partners' equity</b> (Note 9)	512,107	538,375
	\$693,968	\$792,403
Commitments and contingency (Notes 10 and 13)		

## STATEMENT OF PARTNERS' EQUITY

(in thousands)	General partner	Limited partners	Total
<b>Balance, March 12, 1998</b> - initial limited partner	\$ —	\$ 1	\$ 1
Subscription (Note 9)	—	558,056	558,056
Redemption of initial limited partner	—	(1)	(1)
Net income	1	11,704	11,705
Distributions declared	(3)	(31,383)	(31,386)
<b>Balance, Dec. 31, 1998</b>	\$(2)	\$538,377	\$538,375
Net income	2	18,164	18,166
Distributions declared	(4)	(44,430)	(44,434)
<b>Balance, Dec. 31, 1999</b>	\$(4)	\$512,111	\$512,107

SEE ACCOMPANYING NOTES.

On behalf of the board:



T. Iain Ronald  
Director



Matthew J. Moorman  
Director

## STATEMENTS OF EARNINGS

(in thousands)	For the year ended Dec. 31, 1999	For the period March 13, 1998 to Dec. 31, 1998
<b>Revenues</b>		
Power (Note 10)	\$124,031	\$87,905
Thermal	7,026	3,583
	<b>131,057</b>	<b>91,488</b>
<b>Operating expenses</b>		
Cost of gas (Note 12)	62,902	43,047
Depreciation	31,110	22,312
Operating and maintenance expenses (Note 11)	12,235	9,662
Management and administration expenses (Note 11)	1,395	1,063
	<b>107,642</b>	<b>76,084</b>
<b>Operating income</b>	<b>23,415</b>	<b>15,404</b>
Interest income	4,198	6,269
Interest expense (Notes 6, 7, 8 & 12)	(9,447)	(9,968)
<b>Net income</b>	<b>\$ 18,166</b>	<b>\$11,705</b>

## STATEMENTS OF DISTRIBUTABLE CASH

Net income	\$ 18,166	\$11,705
Add: depreciation	31,110	22,312
Deduct: maintenance reserve	(4,842)	(2,631)
<b>Distributable cash</b>	<b>\$ 44,434</b>	<b>\$31,386</b>

## STATEMENTS OF CASH FLOWS

<b>Operating activities</b>		
Net income	\$ 18,166	\$11,705
Depreciation	31,110	22,312
	<b>49,276</b>	<b>34,017</b>
Change in non-cash operating working capital balances	6,027	(13,781)
	<b>55,303</b>	<b>20,236</b>
<b>Investing activities</b>		
Restricted investments	80,300	(160,600)
Additions to power plants	(8,309)	(612)
	<b>71,991</b>	<b>(161,212)</b>
<b>Financing activities</b>		
Repayment of promissory note due to TransAlta Energy Corporation	(80,300)	—
Distributions to unitholders	(45,405)	(17,086)
Restricted deposit	(86)	—
Proceeds from issue of partnership units	—	160,600
	<b>(125,791)</b>	<b>143,514</b>
<b>Increase in cash</b>	<b>1,503</b>	<b>2,538</b>
<b>Cash at beginning of period</b>	<b>2,539</b>	<b>1</b>
<b>Cash at end of period</b>	<b>\$ 4,042</b>	<b>\$ 2,539</b>

SEE ACCOMPANYING NOTES.

**NOTES TO FINANCIAL STATEMENTS**

(dollar amounts in thousands except per unit amounts; amounts for the 1998 period are for the nine months ended December 31)

**1. Description of business**

TransAlta Cogeneration, L.P. (TA Cogen) is a limited partnership formed on Dec. 16, 1997 under the laws of the Province of Ontario pursuant to the TA Cogen Partnership Agreement. On April 1, 1998, TA Cogen acquired the Mississauga, Ottawa and Windsor power plant assets of TransAlta Energy Corporation (TEC) as outlined in *Note 3*. TEC owns 50.01 per cent of TA Cogen and TransAlta Power, L.P. (TA Power) owns the remaining 49.99 per cent of its units. TEC is retained by TA Cogen to operate and maintain the power plants and to provide certain management, administrative and other services.

**2. Summary of significant accounting policies****A. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**B. POWER PLANTS**

The power plants are carried at cost and are depreciated on a unit-of-production basis estimated over the life of the limited partnership. The cost of major overhauls is capitalized and depreciated over the estimated overhaul service lives of three to six years.

**C. INCOME TAXES**

Income taxes are the responsibility of the individual partners and accordingly are not reflected in these financial statements.

**D. LEVELIZATION PAYMENTS**

Pursuant to an agreement with TEC dated April 2, 1998, TA Cogen receives revenue levelization payments from TEC who took over Ontario Hydro's rights and obligations on that date. These amounts are included in power revenues when received, and will be deducted from revenue when repaid.

**E. DISTRIBUTABLE CASH**

Distributable cash means the amount by which TA Cogen's cash on hand or to be received in respect of that period exceeds; (i) any unpaid administration expenses of TA Cogen; (ii) amounts required for the business and operations of TA Cogen and the power plants; and (iii) any cash reserve which the board of directors of the TA Cogen general partner, in its discretion determines is necessary to satisfy TA Cogen's current and anticipated obligations and liabilities, including an annual reserve for the average estimated major maintenance expenditures.

**F. FINANCIAL INSTRUMENTS**

The estimated fair value of long-term debt is determined with reference to market prices for similar issues. The carrying amounts of other balance sheet financial assets and financial liabilities approximate their fair values.

**3. Acquisition**

TA Cogen acquired the power plants and related assets and liabilities from TEC on April 1, 1998. The fair values of the assets acquired and the liabilities assumed for this non-cash transaction were as follows:

Current assets	\$ 3,864
Power plants	628,056
Current liabilities	(1,428)
Long-term debt	(70,000)
Net assets acquired	\$560,492

The consideration paid to TEC was as follows:

Account payable	\$ 2,436
Promissory note (Note 6)	279,000
Partnership units	279,056
	<u>\$560,492</u>

#### 4. Restricted investments

Restricted investments are fixed income securities with an investment grade credit rating that earn interest at an average rate of 5.08 per cent, of which \$80,300 matured on Jan. 4, 1999 and \$80,300 matured on Jan. 4, 2000 (Note 6).

#### 5. Power plants

	1999	1998
Costs	<b>\$641,316</b>	\$628,668
Accumulated depreciation	<b>(53,422)</b>	(22,312)
Net book value	<b>\$587,894</b>	\$606,356

#### 6. Promissory note due to TEC

TA Cogen issued a promissory note in the amount of \$279,000 to TEC on the acquisition of the power plant assets. TA Cogen reduced its promissory note obligation to \$160,600 through assignment of its right to the final instalment receivable in the amount of \$118,400 from the public investors in TA Power (Note 9). The promissory note bears interest at the rate of 5.07 per cent and interest expense was \$4,071 for the year ended Dec. 31, 1999 (1998 - \$6,127). The amount of \$80,300 was repaid on Jan. 4, 1999 and the balance of \$80,300 was repaid on Jan. 4, 2000.

#### 7. Long-term debt

Long-term debt is comprised of notes payable which bear interest at a fixed rate of 7.4 per cent. Interest expense was \$5,109 for the year ended Dec. 31, 1999 (1998 - \$3,832). First fixed and floating charges and a mortgage on the Windsor power plant assets, as well as the restricted deposit, have been provided as security.

Long-term principal amounts are due in the following years:

2000	\$ 1,841
2001	2,935
2002	3,156
2003	3,395
2004	3,651
thereafter	55,022
	<u>\$70,000</u>

#### 8. TEC facility

TA Cogen maintains a \$20,000 borrowing facility with TEC, on which interest is set at the Bankers Acceptance rate plus 1.25 per cent. There was \$6,000 outstanding as at Dec. 31, 1999 (1998 - \$nil) and TA Cogen incurred interest expense in the amount of \$265 on this facility for the year ended Dec. 31, 1999 (1998 - \$9,000). The effective interest rate on this facility in 1999 was 6.1 per cent (1998 - 6.2 per cent).

#### 9. Partners' equity

TA Cogen is authorized to issue an unlimited number of units. Each unit represents an equal undivided limited partnership interest, entitles the holder to participate equally in distributions, and is not subject to future calls or assessments other than the payment of the final instalment pursuant to the instalment receipts.

## NOTES TO FINANCIAL STATEMENTS

On April 2, 1998 TA Cogen: (i) issued 27,900,000 units to TA Power, representing a 49.99 per cent interest, for cash of \$160,600 and the assignment of the final instalments receivable in the amount of \$118,400 from the public investors in TA Power (Note 6); and, (ii) issued 27,905,581 units to TEC, representing a 50.00 per cent interest, as consideration for the acquisition of the power plants. The TA Cogen general partner, TransAlta Cogeneration Ltd., has a 0.01 per cent interest in TA Cogen's earnings, but does not hold any units.

### 10. Levelization payments

Power revenues include \$1,532 in levelization payments from TEC for the year ended Dec. 31, 1999 (1998 - \$1,430). As at Dec. 31, 1999, the future repayment obligation amounts to \$3,165 (1998 - \$1,467), which includes interest in the amount of \$204 (1998 - \$37). Interest is calculated based on prime plus one per cent, as amended on March 30, 1999. The effective interest rate in 1999 was 7.4 per cent (1998 - 7.9 per cent).

### 11. Management fees

TEC operates the power plant assets and provides management services to TA Cogen under an operating and maintenance agreement. The amounts charged by TEC as reimbursement of operating and maintenance costs incurred on behalf of TA Cogen were \$10,076 for the year ended Dec. 31, 1999 (1998 - \$7,059). The fees charged by TEC for management and administrative services were \$1,314 for the year ended Dec. 31, 1999 (1998 - \$978). These transactions have been recorded at their exchange amounts, are unsecured, non-interest bearing and have no fixed repayment terms. Commencing Jan. 1, 2000, management and administrative fees will be payable in a particular year only to the extent that, after payment of the fee, the annual distribution to unitholders is at least \$0.75 per unit. Any unpaid fees will be accounted for as a contingent liability and, accordingly, will be recorded as a payable to TEC only when amounts available for annual distributions to unitholders in future years are sufficiently larger than \$0.75 per unit to allow payment of fees deferred from prior years.

### 12. Financial risk management

#### A. INTEREST RATE RISK MANAGEMENT

TA Cogen has fixed the rates on the promissory note due to TEC and long-term debt. The fair value of TA Cogen's long-term debt changes as interest rates change and the fair value as at Dec. 31, 1999 was \$65,187 (1998 - \$70,600). Total interest paid was \$9,447 for the year ended Dec. 31, 1999 (1998 - \$9,968).

#### B. ENERGY COMMODITIES PRICE RISK MANAGEMENT

Sales prices for electrical and thermal revenues, gas purchase prices and gas transportation costs are generally fixed through long-term contracts. Selling prices for electrical and thermal revenues are fixed and include escalation clauses. Greater than 90 per cent of gas purchase prices are secured through long-term contracts with floor and ceiling price limits. The cost of gas transportation is subject to rate regulation.

#### C. CREDIT RISK

Accounts receivable includes \$11,548 due from Ontario Electricity Financial Corporation (1998 - \$10,100).

### 13. Uncertainty due to the year 2000 issue

The year 2000 issue arose because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date to the year 2000 has occurred, it is impossible to conclude that all aspects of the year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

# figures + facts

**MANAGEMENT'S RESPONSIBILITY**

In management's opinion, the accompanying financial statements have been properly prepared within reasonable limits of materiality and within the framework of appropriately selected, generally accepted accounting principles and policies consistently applied and summarized in the financial statements. Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment and with all information available up to Jan. 20, 2000. Management is responsible for all information in the annual report. Financial operating data in the report are consistent, where applicable, with the financial statements.

Certain management, administrative and other services, including the preparation of financial statements, are provided by TransAlta Energy through a Management Services Agreement. To meet its responsibility for reliable and accurate financial statements, management relies on TransAlta's systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable and accurate, and that assets are safeguarded and transactions are executed in accordance with management's authorization. These systems are monitored by management and by TransAlta's internal auditors. In addition, the internal auditors perform appropriate tests and related audit procedures.

The financial statements have been examined by Ernst & Young LLP, independent chartered accountants. The external auditors' responsibility is to express a professional opinion on the fairness of management's financial statements. The auditors' report outlines the scope of their examination and sets forth their opinion.

The audit committee of the board of directors is comprised of independent directors. The audit committee meets regularly with management and the external auditors to satisfy itself that each is properly discharging its responsibilities, and to review the financial statements. The audit committee reports its findings to the board of directors for consideration when approving the financial statements for issuance to the unitholders. The audit committee also recommends the appointment of the external auditors. The external auditors have full and free access to the audit committee.



*Ian A. Bourne*  
President & Director

*Jan. 20, 2000*



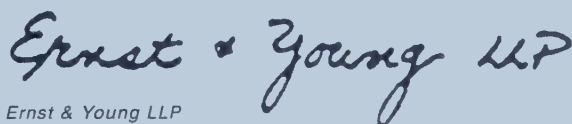
*Marvin J. Waiand*  
Vice-President, Finance & Director

**AUDITORS' REPORT**

TO THE UNITHOLDERS OF TRANSALTA POWER, L.P. We have audited the balance sheets of TransAlta Power, L.P. (TA Power) as at Dec. 31, 1999 and 1998 and the statements of earnings, distributable cash, partners' equity and cash flows for the year ended Dec. 31, 1999 and the period from March 13, 1998 to Dec. 31, 1998. These financial statements are the responsibility of TA Power's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of TA Power as at Dec. 31, 1999 and 1998 and the results of its operations and its cash flows for the year ended Dec. 31, 1999 and the period from March 13, 1998 to Dec. 31, 1998 in accordance with accounting principles generally accepted in Canada.

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP  
Chartered Accountants  
Calgary, Canada

Jan. 20, 2000

## FINANCIAL STATEMENTS

## BALANCE SHEETS

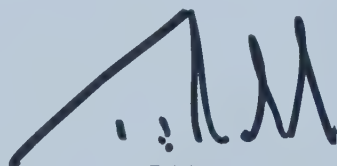
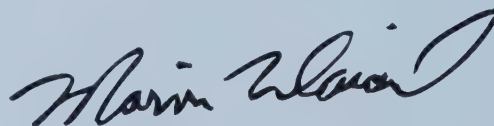
(in thousands)	Dec. 31, 1999	Dec. 31, 1998
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 695	\$ 543
Distribution receivable from TransAlta Cogeneration, L.P.	6,663	7,148
Prepaid expenses	28	1
	7,386	7,692
<b>Investment in TransAlta Cogeneration, L.P. (Note 3)</b>	<b>256,029</b>	<b>269,161</b>
	<b>\$263,415</b>	<b>\$276,853</b>
<b>Liabilities and partners' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accruals	\$ 42	\$ 34
Due to TransAlta Energy Corporation (Note 5)	362	257
Distributions payable	6,809	7,401
	7,213	7,692
<b>Partners' equity (Note 4)</b>	<b>256,202</b>	<b>269,161</b>
	<b>\$263,415</b>	<b>\$276,853</b>
Contingency (Note 6)		

## STATEMENT OF PARTNERS' EQUITY

	General partner	Limited partners	Total
<b>Balance, March 12, 1998</b> - initial limited partner	\$ -	\$ 1	\$ 1
Subscriptions (Note 4)	-	296,000	296,000
Issue costs	-	(17,000)	(17,000)
Redemption of initial limited partner	-	(1)	(1)
Net income	1	5,556	5,557
Distributions declared	(2)	(15,394)	(15,396)
<b>Balance, Dec. 31, 1998</b>	<b>\$(1)</b>	<b>\$269,162</b>	<b>\$269,161</b>
Net income	1	8,650	8,651
Distributions declared	(2)	(21,608)	(21,610)
<b>Balance, Dec. 31, 1999</b>	<b>\$(2)</b>	<b>\$256,204</b>	<b>\$256,202</b>

SEE ACCOMPANYING NOTES.

On behalf of the board:


T. Iain Ronald  
Director

Marvin J. Waiand  
Director

**STATEMENTS OF EARNINGS**

(in thousands except per unit amounts)	<i>For the year ended Dec. 31, 1999</i>	<i>For the period March 13, 1998 to Dec. 31, 1998</i>
<b>Revenues</b>		
Equity income from TransAlta Cogeneration, L.P.	\$ 9,081	\$ 5,851
<b>Expenses</b>		
Management and administration expenses (Note 5)	430	294
<b>Net income</b>	<b>\$ 8,651</b>	<b>\$ 5,557</b>
<b>Net income per unit</b>	<b>\$ 0.29</b>	<b>\$ 0.19</b>

**STATEMENTS OF DISTRIBUTABLE CASH**

Net income	\$ 8,651	\$ 5,557
Deduct: equity income from TransAlta Cogeneration, L.P.	(9,081)	(5,851)
Add: distributions from TransAlta Cogeneration, L.P.	22,213	15,690
<b>Distributable cash</b>	<b>\$21,783</b>	<b>\$15,396</b>
<b>Distributable cash per unit</b>	<b>\$ 0.73</b>	<b>\$ 0.52</b>

**STATEMENTS OF CASH FLOWS**

<b>Operating activities</b>		
Net income	\$ 8,651	\$ 5,557
Equity income from TransAlta Cogeneration, L.P.	(9,081)	(5,851)
Change in non-cash operating working capital balances	86	288
	(344)	(6)
<b>Investing activities</b>		
Distribution received from TransAlta Cogeneration, L.P.	22,698	8,541
Investment in TransAlta Cogeneration, L.P.	—	(160,600)
	22,698	(152,059)
<b>Financing activities</b>		
Distributions to unitholders	(22,202)	(7,993)
Proceeds from issue of partnership units	—	177,600
Issue costs	—	(17,000)
	(22,202)	152,607
<b>Increase in cash</b>	<b>152</b>	<b>542</b>
<b>Cash at beginning of period</b>	<b>543</b>	<b>1</b>
<b>Cash at end of period</b>	<b>\$ 695</b>	<b>\$ 543</b>

SEE ACCOMPANYING NOTES.

**NOTES TO FINANCIAL STATEMENTS**

(dollar amounts in thousands except per unit amounts; amounts for the 1998 period are for the nine months ended December 31)

**1. Description of business**

TransAlta Power, L.P. (TA Power) is a limited partnership formed on Dec. 16, 1997 under the laws of the Province of Ontario pursuant to the TA Power Partnership Agreement. On April 2, 1998, TA Power acquired a 49.99 per cent interest in TransAlta Cogeneration, L.P. (TA Cogen). TransAlta Energy Corporation (TEC) is retained by TA Power to provide certain management, administrative and other services. TEC, a wholly-owned subsidiary of TransAlta Corporation (TAC), owns 50.01 per cent of TA Cogen.

**2. Significant accounting policies****A. MEASUREMENT UNCERTAINTY**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**B. INVESTMENT IN TA COGEN**

The investment in TA Cogen is accounted for using the equity method, whereby TA Power's share of TA Cogen's earnings is included in TA Power's earnings and increases its investment. Distributions by TA Cogen decrease TA Power's investment in TA Cogen.

**C. INCOME TAXES**

Income taxes are the responsibility of the individual partners and accordingly are not reflected in these financial statements.

**D. DISTRIBUTABLE CASH**

Distributable cash means the amount by which TA Power's cash on hand or to be received in respect of that period exceeds; (i) any unpaid administration expenses of TA Power; and (ii) amounts required for the business and operations of TA Power.

**E. FINANCIAL INSTRUMENTS**

The carrying amounts of TA Power's financial assets and financial liabilities approximate their fair values.

**3. Investment in TA Cogen**

On April 2, 1998, TA Power acquired its 49.99 per cent interest in TA Cogen for \$160,600 cash and the assignment of the final instalment receivable in the amount of \$118,400 from TA Power's public investors (Note 4). TAC has the obligation to purchase all of TA Power's interest in TA Cogen on Dec. 31, 2018 at the then fair market value.

**4. Partners' equity**

TA Power is authorized to issue an unlimited number of units. On April 2, 1998 the partnership issued 29,600,000 units on an instalment basis. An initial instalment of \$6 per unit totalling \$177,600, represented by instalment receipts, was received in cash on closing of the public offering. The final instalment receivable of \$4 per unit totalling \$118,400 was assigned to TA Cogen.

## 5. Management fees

TEC provides management services to TA Power under the terms and conditions set out in a management agreement. Management fees include a fixed component as well as a variable component calculated with reference to TA Power's cash flows and distributable cash per unit. TEC charged \$324 for the year ended Dec. 31, 1999 (1998 - \$231). These transactions have been recorded at their exchange amounts, are unsecured, non-interest bearing and have no fixed repayment terms. Commencing Jan. 1, 2000, management fees will be payable in a particular year only to the extent that, after payment of the fee, the annual distribution to unitholders is at least \$0.75 per unit. Any unpaid fees will be accounted for as a contingent liability and, accordingly, will be recorded as a payable to TEC only when amounts available for annual distributions to unitholders in future years are sufficiently larger than \$0.75 per unit to allow payment of fees deferred from prior years.

## 6. Uncertainty due to the year 2000 issue

The year 2000 issue arose because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date to the year 2000 has occurred, it is impossible to conclude that all aspects of the year 2000 issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.

## UNITHOLDER AND CORPORATE GOVERNANCE INFORMATION

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

TransAlta Power Ltd. is the General Partner of TransAlta Power L.P. (TA Power) and a subsidiary of TransAlta Corporation. It directs the operations of TA Power in accordance with the TA Power Partnership Agreement. It supports the guidelines for effective corporate governance as recommended by the Toronto Stock Exchange. The board of directors of the General Partner approves all material transactions and agreements entered into by TA Power. In addition, material transactions between TA Power and TransAlta Corporation (TransAlta) or its associates are approved by a majority of independent directors. On behalf of TA Power's unitholders, the board of directors is responsible for the partnership including the review of operations against certain agreements, and approval of other matters such as financial statements, cash distributions to unitholders, certain statutory requirements, the annual budget and new acquisitions.

#### Transfer Agent

CIBC Mellon Trust Company  
P.O. Box 7010, Adelaide Street Station  
Toronto, Ontario M5C 2W9

#### Ticker Symbol

TPW.un for TransAlta Power Limited Partnership units

#### Exchange

Toronto Stock Exchange

#### Stability Rating

The Canadian Bond Rating Service has rated TransAlta Power's Limited Partnership units S-1.

### TRANSALTA POWER L.P. OFFICERS

**Ian A. Bourne**  
PRESIDENT

**Marvin J. Waiand**  
VICE-PRESIDENT, FINANCE

**Laura G. Letourneau**  
SECRETARY

#### Board of Directors

The board of directors monitors TA Power's operations through its regularly scheduled meetings, its audit committee and through reports, analysis and discussions with management. During 1999, the directors met as a board on nine occasions. The board consists of six members. Three of these directors must be unrelated to and independent from TransAlta Corporation. The independent and unrelated directors regularly hold in camera sessions without the related directors or management present.

Chair: T. Iain Ronald (independent); Members: Ian A. Bourne, Jan Carr (independent), Terence Dalglish (independent but related), Harry G. Schaefer (independent), and Marvin J. Waiand.

#### Audit Committee

The audit committee consists of three unrelated and independent directors. It reviews all published financial statements and narratives and the roles and adequacy of internal controls and risk management practices. The committee also reviews and recommends to the board for approval the annual financial statements and notes, the annual information form and certain other documents required by regulatory authorities. It also reviews the Management's Discussion and Analysis which is included in this annual report. The committee met five times in 1999 and held separate meetings with the external auditors at four of those meetings.

#### Unitholder Communications

Investor Relations acts as an intermediary to provide unitholder feedback to the board of directors and management. Contact numbers and addresses are on the next page.

#### Important Distribution Dates

Cash distributions are paid at the end of the month in January, April, July and October. When a distribution payment date falls on a weekend or holiday the payment is made the previous business day.

<i>Payment date</i>	<i>Record date</i>	<i>Ex-distribution date</i>
April 28, 2000	March 31, 2000	March 29, 2000
July 31, 2000	June 30, 2000	June 28, 2000
Oct. 31, 2000	Sept. 30, 2000	Sept. 27, 2000
Jan. 31, 2001	Dec. 31, 2000	Dec. 27, 2000
April 30, 2001	March 31, 2001	March 28, 2001

### **1999 Annual Reports**

TransAlta Corporation  
TransAlta Utilities Corporation  
TransAlta Power Limited Partnership  
TransAlta Corporation Sustainable Development

### **Need additional information?**

*Requests can be directed to:*

Investor Relations  
TransAlta Corporation  
P.O. Box 1900, Station "M"  
110 - 12th Avenue S.W.  
Calgary, Alberta T2P 2M1

#### **PHONE**

1-800-387-3598 toll free in Canada

#### **OR**

(403) 267-2520 in Calgary  
or outside North America

#### **FAX**

(403) 267-2590

#### **E-MAIL**

[investor\\_relations@transalta.com](mailto:investor_relations@transalta.com)

#### **WEB SITE**

[www.transalta.com](http://www.transalta.com)

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